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August 23, 2001

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AUG 23 2001

Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: Petition of the State Independent Alliance and the Independent  
Telecommunications Group for a Declaratory Ruling that the Basic  
Universal Service Offering Provided by Western Wireless in Kansas is  
Subject to Regulation as Local Exchange Service, WT Docket No. 00-239

Dear Ms. Salas:


Yesterday, David Cosson and I, who represent the State Independent Alliance and the Independent Telecommunications Group (together, "Petitioners") in the above-referenced proceeding, met with Peter Tenhula, Senior Legal Advisor to Chairman Powell. During the meeting, we discussed the points outlined on the attached talking points document, distributed copies of the attached most-recent Western Wireless Form 10-K in which Western Wireless again states that the service at issue is fixed, and presented for inspection one of the Fixed Wireless Terminals that is used to provide the service at issue in this proceeding.

We also explained that a Commission ruling that Western Wireless' BUS offering in Kansas is a fixed service and that Section 332 does not preempt Kansas' jurisdiction over this fixed wireless service is necessary so that the Kansas Corporation Commission ("KCC") can freely decide issues relating to the Kansas Universal Service Fund ("KUSF") without concern over whether its jurisdiction is preempted by Section 332. The KCC has filed comments requesting that the Commission clarify these issues. In the absence of such a clarification, the KCC has stated that it cannot apply to Western Wireless some of the eligibility requirements for KUSF because it believes that Section 332 preempts it from doing so. This has resulted in Western Wireless receiving all of the benefits of being an ETC for KUSF purposes, but not being required to provide all of the services to its customers that other ETCs must and do provide. This is unfair to both Western Wireless' customers and to its competitors.

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DATE 8/23/01

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "J. B. Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

John B. Adams, Esq.

CC: Peter Tenhula  
ITS

## **TALKING POINTS**

### **Petition of the State Independent Alliance and the Independent Telecommunications Group for a Declaratory Ruling that the Basic Universal Service Offering Provided by Western Wireless in Kansas is Subject to Regulation as Local Exchange Service**

**WT Docket No. 00-239**

**August 22, 2001**

1. **Kansas independent telephone companies have requested a Declaratory Ruling in response to the Commission's ruling that it would determine whether fixed wireless services qualified as CMRS offerings on a case by case basis.**
2. **The Kansas Corporation Commission has erroneously concluded that its authority to regulate the fixed wireless service of Western Wireless Corporation is preempted by Sections 332(c)(3) and (c)(8) with the result that the KCC believes it is precluded from enforcing the requirements of Kansas law establishing requirements for qualification for the Kansas state universal service support.**
3. **The Western Wireless Basic Universal Service offering is a local telephone service based on a "wireless local loop" which utilizes a wireless terminal manufactured by Telular. Although capable of moving, because of its size, weight, requirement for a separate telephone instrument and antenna, the Fixed Wireless Terminal does not "ordinarily" move within the meaning of Section 3(28) of the Communications Act.**
4. **BUS is not "incidental," "ancillary," or "auxiliary" to a mobile offering, and it is not just another rate plan. It is marketed as a stand-alone service intended to compete with wireline telephone service.**
5. **The Commission has expressly rejected the notion that all services offered by CMRS licensees using CMRS spectrum are CMRS.**
6. **Petitioner's request is consistent with sound public policy; it requires only that the Commission explain that Section 332 only preempts state regulation of mobile services, not fixed services such as BUS, and advise the KCC that it is free to make its own decisions. The requested ruling would not require the KCC to take any specific action.**
7. **The Kansas Corporation Commission requests the Commission to rule on the Petition.**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**Form 10-K**

☒ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange  
Act of 1934

For the fiscal year ended December 31, 2000

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

*Commission File Number 000-28160*

**WESTERN WIRELESS CORPORATION**

(Exact name of registrant as specified in its charter)

WASHINGTON

91-1638901

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer Identification No.)

3650 131st AVENUE S.E.  
BELLEVUE, WASHINGTON

98006

(Address of principal executive offices)

(Zip Code)

(425) 586-8700

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act: None**

**Securities registered pursuant to Section 12(g) of the Act: Class A Common Stock**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or

generation of wireless technology. The Company believes a CDMA platform will better support its wireless data strategy, and will attract additional roaming traffic not currently served by the Company's existing analog and TDMA network. While GSM is not currently available for 800 MHz systems, the Company will continue to evaluate the suitability of this digital platform for its subscribers and roaming customers.

The Company has been a strong proponent of wireless companies providing wireline replacement service, particularly in sparsely populated rural areas and being designated as an Eligible Telecommunications Carrier ("ETC"), thereby allowing the Company access to Universal Service Fund ("USF") payments. The USF was implemented to support the provision of telephone service to rural and high cost users, as well as, to low income individuals. ETC designation would support the Company's strategy to provide fixed Wireless Residential Service ("WRS") via a wireless device, as a principal or second residential phone, while obtaining supplemental revenues in the form of USF payments to offset the cost of serving WRS customers.

## ROAMING

Cellular communications providers normally agree to provide service to subscribers from other compatible wireless systems who are temporarily located in or traveling through their service areas in a practice called "roaming". Agreements among system operators provide that the carrier that normally provides services to the roaming subscriber pays the serving carrier at rates prescribed by the serving carrier. Analog cellular handsets are functionally compatible with cellular systems in all markets within the United States. As a result, analog cellular handsets may be used wherever a subscriber is located, as long as a cellular system is operational and has adequate capacity in the area and necessary roaming arrangements exist. Although analog and digital systems utilize similar technologies and hardware, they operate on different frequencies and use different technical and network standards. Dual-mode and tri-mode handsets, however, make it possible for users of one type of system to "roam" on a different type of system outside of their service area.

## 4

The Company has deployed TDMA digital voice channels in most of its markets and will begin adding a CDMA digital technology platform in 2001. The Company's system will offer three of the four leading wireless technology platforms in the United States, consistent with its strategy to create an environment that encourages other carriers' customers to roam on the Company's network.

The Company has roaming agreements with the majority of wireless carriers in North America, including AT&T Corporation ("AT&T Wireless"), VoiceStream Wireless Corporation ("VoiceStream"), Sprint PCS L.P. ("Sprint PCS"), Verizon Wireless Corporation ("Verizon") and Cingular Wireless ("Cingular"). These arrangements allow their customers to roam on the Company's network and allow the Company's subscribers to utilize those carriers' networks. Similarly, these agreements provide attractive rates to the Company for its customers who roam in areas outside the Company's wireless network. During 2000, approximately 66% or \$150 million of the Company's roamer revenues are attributable to a single carrier, AT&T Wireless. The Company's current agreement with AT&T Wireless is in effect until May 2001. The Company expects to negotiate a new agreement with AT&T Wireless at a lower rate.

## MARKETS AND SYSTEMS

The Company operates cellular systems in 18 MSAs and 88 Rural Service Areas ("RSAs"), and owns 100% of each of its cellular licenses that cover a total of nearly ten million people. The Company's experience is that several inherent attributes of RSAs and small MSAs make such markets attractive. See

The Company is currently developing a wireless Internet portal and plans to introduce a wide range of consumer-based wireless Internet-related services such as e-mail service, web browsing, customizable home pages and information alerts.

**Wireless Residential Services --** The Company utilizes its existing network infrastructure and cellular licenses to provide wireless local voice and data service primarily to residential customers. This service involves the installation of a wireless access unit at a customer's residence. The wireless access unit provides the customer dial tone and transmits the signal to the nearest Cell Site. The Company believes that WRS offers many customers a cost-effective and reliable alternative to local wireline carriers. In addition, WRS can be deployed in regions not currently served by local wireline carriers. For example, in November 2000, the Company began providing WRS to residents of the Pine Ridge Indian Reservation in southwestern South Dakota. Many of these residents never had access to wireline services.

An integral part of the Company's WRS strategy is to offer the service in rural areas where the Company is eligible to receive USF funds with designated ETC status. As of December 31, 2000, the Company has received full or partial ETC status in 10 states and has applications pending in 3 states. In addition, the Company has filed a petition with the FCC requesting designation as an ETC for the Pine Ridge Indian Reservation. The Company expects USF funds to be a significant source of revenues in the future, but currently these funds comprise a small portion of the Company's overall revenues.

## MARKETING, SALES AND CUSTOMER SERVICE

The Company's sales and marketing strategy is to generate continued net subscriber growth and increased subscriber revenues. In addition, the Company targets a customer base that it believes is likely to generate higher monthly service revenues, while attempting to achieve a low cost of adding new subscribers.

**Marketing --** The Company markets its products and services in all operating markets under the name Cellular One. Cellular One, the first national brand name in the cellular industry, is currently utilized by a coalition of cellular licensees. The national advertising campaign conducted by the Cellular One Group enhances the Company's advertising exposure at a lower cost than what could be achieved by the Company alone. In June 1999, a subsidiary of the Company became a 50% partner in the Cellular One Group. With existing Cellular One Group partner, Southwestern Bell, the Company owns, manages and promotes the Cellular One brand nationwide. Southwestern Bell has notified the Cellular One Group of their intent to terminate their use of the Cellular One brand. (see section entitled "Intellectual Property")

**Sales --** The Company sells its products and services through a combination of direct and indirect channels. The Company operates 289 stores and kiosks under the Cellular One brand name and utilizes a direct sales force that is trained to educate new customers on the features of its products. Sales commissions generally are linked both to subscriber revenue and subscriber retention, as well as net profit levels.

The Company believes that its local sales offices provide the physical presence in local markets necessary to position Cellular One as a quality local service provider, and give the Company greater control over both its costs and the sales process. The Company also utilizes indirect sales through an extensive network of national and local merchants and specialty retailers. The Company intends to continue to use a combination of direct and indirect sales channels, with the mix depending on the demographics of each particular market.

The Company also acts as a retail distributor of handsets and maintains inventories of handsets. Although